

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7257

BILL NUMBER: HB 1325

DATE PREPARED: Dec 26, 2000

BILL AMENDED:

SUBJECT: Repeal of Indiana Professional Licensing Agency.

FISCAL ANALYST: Chris Baker

PHONE NUMBER: 232-9851

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill repeals the Indiana Professional Licensing Agency. This bill also gives the former licensing authority of the Professional Licensing Agency to each regulated individual board or commission.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The repeal of the Indiana Professional Licensing Agency (PLA) would lead to a decentralization of the administrative function of professional licensing. The PLA serves in the capacity of administrator to thirteen professional boards and commissions.

The proposal would require each board and commission to have their own administrative staff. It is believed that current staffing levels within the PLA would not adequately accommodate each board and commission with separate administrative staff. The current structure of the PLA has staff members sharing administrative duties among each board and commission. It is difficult to determine the precise workload per PLA staff member, as the timing of renewals among the various licenses can vary from year to year. PLA staff members may be required to work on more than one particular license at a given time. Additionally, the legislation requires each board and commission to have an executive director. If twelve additional executive directors were hired, the estimated increase in expenditures (including salary, fringe benefits, and indirect costs) would be \$816,300 in FY 2002 and \$896,400 in FY 2003.

Additionally, there could be increased expenditures associated with the housing of administrative staff within each respective board and commission, along with increased expenditures for office supplies such as computers, furniture, stationary, postage, and printing. The PLA just recently updated their main computer system capability for tracking licenses. It is unknown if each board and commission would be required to develop individual databases for the tracking of licenses or if the centralized system could still be utilized.

Although funding for the operation of the PLA would be eliminated by this bill, each individual board and commission currently administered by the PLA could require an increase in funding to function within the parameters of this legislation.

In FY 2000, total expenditures of the PLA amounted to \$2.3 M including \$1.7 M for personal services. The estimate for expenditures in FY 2001 is \$2.7 M including \$1.8 M in personal services. Currently, funding for PLA-administrated boards and commissions is based on either appropriation from the General Fund or administrative action.

Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

Explanation of State Revenues: Currently, the PLA is responsible for collecting fees received by the boards and commissions. Fees collected are to be transferred to the Treasurer of State and subsequently deposited into the General Fund with the exception of revenues earmarked for the Funeral Service Education Fund. Five dollars of every funeral director, embalmer, or funeral home renewal license is to be placed into the Funeral Service Education Fund.

The proposed legislation would remove the PLA from the process of revenue collection, accountancy, and transfer; placing the responsibility with the individual boards and commissions. However, the final destination of the revenues collected from fees would remain the same.

The PLA accounted for \$2.9 M in fee revenue in FY 1999 and \$3.2 M in FY 1998.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency, Treasurer of State, Board of Accountancy, Board of Registration for Architects, Auctioneer Commission, Board of Barber Examiners, Boxing Commission, Board of Cosmetology Examiners, Board of Funeral and Cemetery Service, Board of Professional Engineers, Board of Registration for Land Surveyors, Plumbing Commission, Private Detective Licensing Board, Real Estate Appraiser and Certification Board, Real Estate Commission.

Local Agencies Affected:

Information Sources: Professional Licensing Agency; Office of the Auditor of State.